

**Improving Tax Compliance in Developing Countries via
Self-Assessment Systems - What Could Bangladesh Learn
from Japan?**

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1. INTRODUCTION

The growing concern of tax administrations throughout the world is on how to simplify the tax assessment system to encourage voluntary compliance, and many countries have adopted the self-assessment system (hereinafter known as 'SAS') as a solution. Thus the recent trend in developing countries sees a shift from the official assessment system to a SAS. This article discusses the inevitable issue of tax compliance as a major concern of many developing countries using Bangladesh as an example.

The SAS was first introduced, on a limited scale, in Bangladesh by the Finance Act 1981 with an intention to relieve marginal taxpayers from statutory formalities and associated hazards involved in an official assessment system. The SAS was expanded and introduced on a large scale in 1991. However, based on a decade's experience, it appears that the SAS has not lived up to the expectation of the Bangladeshi tax administration. In

fact, the current income tax system in Bangladesh is a combination of both a SAS and official assessment system, and efforts are constantly being made to convert the system into a fully functional SAS.

The main problems of the income tax system in Bangladesh are (i) the narrowness of the tax base, (ii) evasion and avoidance of tax, and, (iii) inadequate tax administration. Thus setting up of a simple and broad based tax system is crucial to the development of a better tax administration. Studies have identified the main impediments as the lack of tax education among the taxpayers followed by poor public relation activities and inadequate penalty provisions for errant taxpayers. The need to increase training and improve the working environment of tax officials, as well as establish an information management system are also seen as important factors to be met for better tax administration.

Japan adopted the SAS in 1947 and after more than five decades, the system is firmly established as part of the tax regime. Bangladesh, if it wants to improve its own SAS, it would be wise to study the public relation activities undertaken by the Japanese tax authorities in relation to the Japanese SAS. The Japanese use of tax counseling is also a crucial element that could be

adopted in developing countries. This article analyses the crucial measures to be taken for better tax administration in Bangladesh and has found that the adoption of an entire self-assessment would be a timely endeavor for improved tax compliance.

1.1. Aims and Scope of the Study

The present system of tax administration in Bangladesh has failed to achieve a satisfactory level of compliance, since it first came into effect almost thirty years ago. There has been a need to change the system of administration from an official assessment system to a fully-fledged SAS. The objective of this study is to highlight the issues and problems associated with the official assessment system and make recommendations on ways in which self-assessment can be successfully implemented by interpreting the lessons from the Japanese system. This article will further cover the advantages of SAS as one of the ways in which many countries have improved their tax administration system. One of these advantages is that the taxpayers right is exercised democratically resulting in the increased involvement of the taxpayers in tax affairs. The taxpayers are given the opportunity to compute their income and pay their tax to the exchequer voluntarily. The tax revenues are paid

in advance and hence improve the enforcement system and may also reduce operational and administrative costs. Therefore, a study to find out methods to overcome difficulties in the Bangladeshi SAS is important. This article will attempt to find out more efficient methods for Bangladesh to move to a true SAS using the Japanese tax system as a reference.

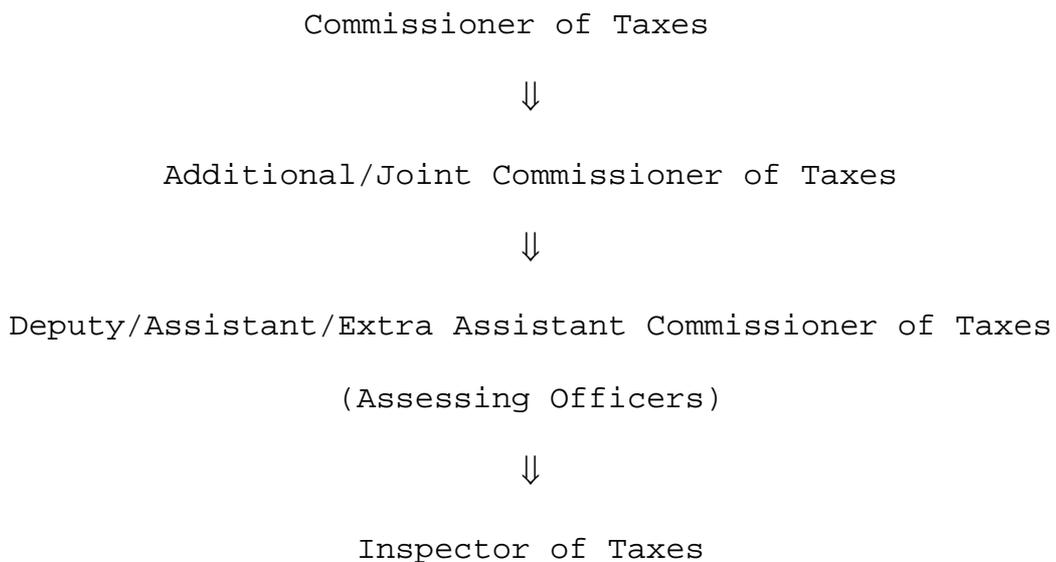
2. INCOME TAX SYSTEM: REVIEW OF THE INSTITUTIONS AND PROCESSES

Institution

Income tax in the Indian sub-continent had its origin in 1886 via the Indian Income Tax Act. In Bangladesh, this was further streamlined by the Income Tax Act 1922 which was used, albeit with modifications, until 1984, when the present Income Tax Ordinance was introduced. A major reorganization and expansion of the Income Tax Department (ITD) took place in 1992, with a further expansion in 2001. The ITD acts as one of the two executive arms of the National Board of Revenue for the collection of revenue. The ITD is divided into zones headed by a commissioner. There are two types of zones, i.e. for making assessments and collection of taxes (executive zone), and, for the hearing for appeals (appeals zone).

Besides these zones, there are specialized offices (i.e. Directorates of Inspection) tasked with conducting audits of selected cases and performing internal audits. In respect of the training of personnel, there is a separate Directorate of Training or Tax Academy. There are also specialized zones used to identify new taxpayers, and for selected large taxpayers (i.e. Large Taxpayers Unit (LTU)).

A typical executive zone has the following structure:



The executive zone is divided into circles, which are manned by assessing officers, who are the basic work unit of the tax administration. This is also where the tax assessments are made and demands are created and collected. The additional and joint commissioners are

the field supervisory officers in charge of Ranges that consists of several circles. A commissioner is in-charge of a zone and is the department head.

The appellate zones are organized in the following manner:

Commissioner of Taxes (Appellate)



Additional/ Joint Commissioner of Taxes

If an assessee is aggrieved by an assessment, he can file an appeal before this Commissioner. The Commissioner and the Additional and Joint Commissioners under him dispose of the appeals after proper hearing.

Process

The current assessment procedure used by the ITD is still the conventional method of hearing and assessment. Recently, there have been attempts to shift to a SAS but the bulk of assessments are still carried out using an official assessment system. In the assessment process, an assessee files his tax return and the Deputy Commissioner of Taxes (DCT) fixes a date for a hearing. On the appointed date, the assessee will have to appear

before the DCT with all the necessary documentation with which he had prepared the tax return. Theoretically, the DCT computes the income after an examination of the documents presented by the assessee.

The Finance Act 1999 introduced a number of much needed and drastic changes in the tax administration procedure. The self-assessment procedure was simplified, and under the new provisions, the submission of a tax return using the SAS, together with the due taxes will suffice. The receipt of the tax return will be deemed to be the assessment order. The new provisions also provide for a system of computer generated random auditing of 20% of the tax returns submitted. If the taxpayer files a tax return, which is 15% more than the preceding year, the return is kept out of the purview of the auditing procedure.

In respect of the taxation of small and informal businesses, a "spot assessment" system was introduced. All business and professional assesseees are also required to display a Tax Identification Number (TIN) certificate in their respective place of business. This is intended to assist the authorities identify non-assesseees during surveys, etc.

3. SELF-ASSESSMENT SYSTEM

3.1. The SAS: What is it?

In a SAS, a taxpayer is required to assess his tax liability using a tax return form in which he declares his gross income, allowable deductions, etc. This tax return must then be file with the tax authority together with a payment for the tax liability computed in said return. The basic feature of a SAS is that it is the taxpayer rather than the tax authority that is responsible for the assessment of tax liability. A SAS has distinct merits compared to an official assessment system. The chief merits are: (i) SAS is more cost effective as it only selects exceptional cases for further scrutiny, (ii) SAS eliminates the administrative nature of assessment work, (iii) SAS encourages an early and timely collection of taxes, and, (iv) SAS reduces corruption by reducing contacts with taxpayer.

For a SAS to effectively implement there are certain critical factors that need to be considered: (i) the process of deciding which tax returns should be audited is crucial. Taxpayers, who know that they may not be selected for an audit, would be motivated to cheat. A deficient process will also reduce compliance, (ii) Under

SAS, non-compliance should be dealt with justly and swiftly to encourage the majority of taxpayers to comply. In order to detect fraud or non-compliance, taxpayer data is important and this requires a certain level of computerization. In its absence, it would be extremely difficult to maintain compliance in a SAS, (iii) the educational level of taxpayers is crucial in determining whether the SAS will work effectively. There must also be an observance of proper accounting standard of business. For small traders, this means that must be a minimum level of record keeping. In the absence of proper accounting standards or record keeping, a taxpayer would not be able to declare his income accurately or enable the tax authority to conduct an accurate audit.

3.2. SAS in Bangladesh

The main objective of the tax policy in Bangladesh was to bring most of the taxpayers under a SAS. A further objective was to broaden the tax base and ensure taxpayer's compliance. Since the introduction of the SAS in 1981, there has been a positive response from the taxpayers and gradually the scheme began to show fruitful results (Osman 1992). An increasing number of taxpayers came within the tax net, and the level of voluntary tax compliance and revenue collection revealed an upward

trend. So it has become imperative to widen the base of self-assessment in order to encourage assesseees to avail the benefit of the system. The Finance Act 1992 promoted the extension of the self-assessment scheme to all assesseees, subject to certain minimum conditions. Other objectives were to reduce the discretionary powers of the tax officials, eliminate corruption, and to simplify the assessment system. During the last few years, tax laws and self-assessment procedures were simplified to make it a popular system. Under the present system, the taxpayer has to report his correct income and pay tax accordingly, and he may be subject to an audit. When a tax return is selected for an audit process, it will undergo what is basically an official assessment system. Currently, companies and directors holding more than 5% of the shareholding remain outside the SAS, and are subject to an official system.

3.2.1. The actual situation of SAS in Bangladesh

In Bangladesh, the filing of tax returns via the SAS is still very low. The following table shows the number of taxpayers who submitted tax returns under this scheme.

TABLE 1: Tax Returns submitted under SAS
(1993/94 – 2000/01)

Year	Total returns submitted	Returns submitted under the SAS	Ratio (%)
1993-94	549,006	27,743	5.05
1994-95	582,662	23,244	3.98
1995-96	610,329	37,785	6.19
1996-97	648,763	93,633	14.43
1997-98	698,642	147,520	21.11
1998-99	715,219	195,469	27.32
1999-00	905,992	158,886	17.54
2000-01	1,030,102	211,487	20.53

Source: Research and Statistics, NBR (2000)

The under-filing of returns and the filing of returns resulting in marginal tax payable appear to be the main tendencies of the self-assessment taxpayers. Statistics have shown that two thirds of the present self-assessment returns submitted compute a tax payable of BDT 1,000. This amount is less than the expenditure incurred for the management of a tax file.

The success or failure of the SAS, from the viewpoint of the tax administration, is ascertained from the amount of taxes collected by the system. The major portion (70-

75%) of taxes collected in Bangladesh comes for taxes collected at source (i.e. withholding tax, indirect taxes, etc.). The remaining portion of taxes collected comes from advance taxes, the SAS, the official assessment system, and demands issued by the tax authority. At the initial stage of introducing the SAS, the amount of taxes collected under the SAS was higher, but the ratio is declining every year.

3.3. SAS in Japan

Looking back on Japan's tax system and administration prior to Second World War, it was generally thought that even if a certain aspect of the administration did not function well, it could be compensated by an ex post facto remedy. In 1942, the Tax Practitioners Law was enacted, which gave birth to the system of publicly licensing the profession of tax practitioners to assist taxpayers, thereby strengthening institutional support of tax administration.

Along with the post-war wave of democratization, in 1947, as a replacement of the existing system of official assessment, a SAS was established. Further, in 1949, an American mission headed by Dr. Carl S. Shoup conducted surveys on the Japanese tax system and advised on its

modernization that mainly focused on equity giving direct tax as the center of the tax system. This came to be known as the "Shoup Recommendations", and formed the foundation of the current Japanese tax structure. The recommendations suggested a tax structure that was direct tax-oriented as opposed to the then-existing indirect tax-oriented structure, and proposed the strengthening of the system of self-assessment of taxes. The introduction of the tax exemption system for blue return filers in 1972 also helped significantly to popularize the system in Japan.

The present SAS in Japan is a success story of the tax administration, and is the result of their half-century experiment. The tax administration took both legislative and administrative measures to support this system. An appropriate withholding tax system was introduced, together with necessary provisions to encourage proper bookkeeping and discourage tax delinquency.

In order to enhance tax compliance, the Japanese tax administration is provides its taxpayers with various services such as guidance, education, consultations, etc. The tax return forms are sent free of cost during the filing time, and the taxpayer's details are pre-printed on the forms in order to encourage timely and accurate

filing. Public relation activities are carried out using the media, and tax education is also provided to schoolchildren. Taxpayers are also able to obtain consultation services via the telephone, facsimile, etc.

The Japanese tax return has also been designed so that it can be used in an electronic format, and to contain the minimum information required to enable verification of the taxpayer's income.

Automatic data processing system and a national tax comprehensive management known as Kokuzei Sougou Kanri (KSK) systems were introduced for computerized processing, selection of returns for examinations and revenue managements. This computerized income tax processing system is designed to process virtually all aspects related to assessment and collection, other than work related to the actual tax audit. Under the KSK system, data is uploaded into the system which then verifies and tabulates the income electronically before forwarding the results to the related tax offices. On the basis of this information and other relevant factors, deficient returns are selected and classified into two categories: (i) cases that can be cleared without requiring a tax official to visit the taxpayer's

premises, and (ii) cases which require tax officials to visit the taxpayer's premise.

The Japanese SAS is also backed by strong and disciplined examiners (i.e. tax audit teams) that review selected cases. The subject of examination is classified into three categories for income taxation: (i) General examination, which only requires basic details to be examined, (ii) Special examination, which is in respect of cases where the business procedure is complicated, tax evasion is suspected, etc., and (iii) Point examination, which is in respect of a field examination of specific items. The examiners are overseen by a chief examiner, who allocates the assignments, and supervises the work to ensure quality, accuracy and prevent possible abuses.

In addition, delinquent taxpayers who are identified by the computerized processing system are subject to a range of penalties.

3.3.1. The advantages of the KSK system in Japan

The Japanese KSK system has the following advantages:

- it allows the comprehensive management of taxpayer information that goes beyond individual regions and taxation categories. This makes it easier to utilize

information gathered at different offices and in other types of activities, while accumulation and management of necessary information, including that from past years, enables highly diverse analysis of information;

- it helps to link administrative tasks such as the entry of tax return and payment data, and being able to link the system to the process of selecting targets for examination allows the information entered for one administrative task to be utilized for other tasks. This inevitably improves efficiency and effectiveness in conducting examinations.
- the system enables various types of statistical information to be obtained promptly in the course of administrative management, eliminates the collection and reporting steps, and enables wide-ranging analysis and examination of administrative procedures; and
- it helps to improve various taxpayer services, including being able to issue certificates of tax payment more quickly.

It is assumed that to design and manage information on an individual taxpayer basis, maintaining confidentiality will be an important consideration for success.

3.4. Analysis of SAS in Japan and Bangladesh

The Japanese SAS has utilized the right objective of taxpayer compliance, i.e. to raise appropriate tax filing and payment through taxpayer co-operation. However, in Bangladesh, the objective appears to be to increase the number of taxpayers under the system.

The current in Bangladesh goes against the basic principle of SAS and taxpayer compliance, as can be seen from the lack of emphasis on the need for appropriate filing, and allowing taxpayers who file a tax return that reports a total income that is more than 15% from the previous year to be excluded from audit selections. In actual fact, the SAS in Bangladesh encourages under reporting and evading of taxes.

In order to raise voluntary compliance, the Japanese ensured that there were sufficient taxpayer information/services and proper enforcement activities. On the other hand, taxpayer services and enforcement activities are insufficient or non-existent in Bangladesh. As a result, the non-filing of tax returns and under reporting of taxes has become a serious problem in the Bangladeshi income tax system.

The automatic data processing and KSK system used by Japan has contributed tremendously to the efficiency of the Japanese SAS. Bangladesh, however, does not have a comparable system for data storage, processing and other self-assessment management.

The Japanese tax authorities have also actively utilized the penalty provisions available to them to pursue delinquent taxpayers, while in Bangladesh, there has been little attempt to enforce the SAS and penalty provisions are not applied consistently.

4. TAX COMPLIANCE AND THE SAS

Tax compliance can be defined as the degree to which a taxpayer complies (or fails to comply) with the tax rules of his country. It is widely accepted that the goal of an efficient tax administration is to foster voluntary tax compliance using all possible methods including penalties. Penalizing tax evaders or going after delinquent taxpayers are not in themselves the object of tax administration, although it would serve to encourage voluntary compliance if the taxpayers believe that the tax administration can effectively detect and punish noncompliance.

4.1. Tax Compliance Strategies in Bangladesh and Japan

4.1.1. Basic administrative concepts followed in Japan

The SAS in Japan is sustained by the cooperation of taxpayers that keep accurate books and file correct returns. The general policy of the tax administration is to ensure appropriate tax filing and payment with the taxpayers' cooperation. In order to ensure cooperation from the taxpayers, there is a need for the tax administration to ensure fair taxation at all times and to accurately detect those who file incorrect returns. In this sense, the examinations or tax audits constitute an essential part of the administration. The examination of tax returns is largely focused on taxpayers who are suspected to be evading substantial amounts of tax.

The other means of increasing the level of taxpayer's cooperation is to diffuse the blue return system, to stabilize and enhance bookkeeping practices, etc. To attain this goal, every possible opportunity is taken to disseminate information regarding the system, including bookkeeping practices. Moreover education in bookkeeping procedures is provided with the cooperation of private organizations.

4.1.2. Measures taken by Japan to enhance tax compliance

The level of tax compliance in Japan is very high, and in recent years, the corporate tax compliance has been more than 90%. The main reason for the high tax compliance in Japan is because of the efforts made by the Japanese National Tax Administration (NTA). The SAS which was introduced in 1947 plays an important role, since the onus to calculate, report and pay the tax liability is on the taxpayer. The measures undertaken by the NTA in order to promote the principles of voluntary compliance are:

- Public Relations;
- Tax Education;
- Tax Consultation; and
- Guidance and Examinations.

These are known as four pillars of tax compliance in Japan.

Public Relations

The purpose of public relations is to build a tax conscious environment not only among taxpayers but also

among the public including latent taxpayers, and can be categorized as the need to:

- enhance tax compliance;
- diffuse and enhance public knowledge of taxation;
- improve mutual understanding and trust between taxpayers and tax authorities and
- obtain the understanding and cooperation from mass-media for tax administration.

Public relation activities are handled cooperatively by the NTA, the Regional Taxation Bureaus and tax offices. Many of these activities are carried out through the media including regular television and radio programmes/spots that provide current tax information, answering questions called-in by viewers, and reminding the public of tax deadlines, etc. The print media and internet are also widely used. Other than the media, the authorities also conduct an annual 'Know-Your-Taxes Week', during which the tax authorities set-up booths, etc. in public areas in order to meet people and provide tax information or answer any questions that they may have.

Tax Education

Tax education is a part of public relation activities, which can play important role in creating tax awareness. The target audience is primarily students, who are recognized as future taxpayers. As the next generation of taxpayers, the students are provided with an understanding of the significance and role of taxes in financing the government budget and also of their duty as citizens to file accurate returns and pay taxes.

In order to coordinate tax education, the NTA has formed a body called the 'Council for Promotion of Tax Education' in each major city. This Council consists of the NTA, local tax authorities, and educational organizations. The following are some of the steps taken:

- issuing supplementary textbooks for the purpose of tax education;
- conducting classes on taxes;
- sponsoring High School essay contests on tax topics;
- and
- conducting seminars on Public Finance and Economy:

Tax Counseling

The Japanese tax administration subscribes to the principle that every tax official is a tax counselor.

The objective of tax counseling is to assist taxpayers in matters related to tax and encourage the voluntary submission of accurate tax returns and payment of taxes. Generally, tax counseling offices provide advice on the interpretation and application of tax laws, procedures for filing returns and applications, etc.

In Japan, tax counseling through a formal tax counsel office was first introduced in 1970. Telephone consultation service started in 1965 followed by Tax ANSER (Automatic answer Network System for Electrical Request) system in 1987, which has the capability to answer using telephone messages, and has now expanded to include the internet.

Guidance and Examination

In order to enhance taxpayer compliance so that they voluntarily file tax returns and pay taxes appropriately, the tax administration provides individuals and groups with guidance on how to improve bookkeeping standards and tax returns. The guidance includes assistance to firms who are launching new business, as well as explanatory sessions that are held when laws are amended. The tax administration is assisted by various private cooperative organizations, such as Blue Returns Associations,

Corporation Associations, and Indirect Tax Association. These organizations play important role in enhancing tax compliance because they are closer to taxpayers, so guidance through such organizations promotes effective dissemination of information among members.

Since the self-assessment system is widely used and taxpayers determine tax liability, the tax audit process plays an important role in securing proper voluntary compliance and payment from taxpayers. In Japan, when it comes to tax audits, emphasis is placed on those taxpayers who are suspected of not reporting large amounts of taxable income.

4.2. Compliance strategies in Bangladesh

Taxpayer Identification Number (TIN)

In 1991, Bangladesh introduced a common ten digit TIN is used for every single income tax payer. However, with respect to Value-Added Tax (VAT), a separate VAT Identification Number (VIS) is used. It is expected that both these identification numbers will be replaced in the future with a single common identification number.

Simplified Tax Return under the SAS

A single page blue return form (Form IT Gha) is used for taxpayers in respect of employment income and for small business. Currently, there is a system of acknowledging receipt of such returns and this is considered to be the final acknowledgement of taxes paid. However, this needs to be expanded to include business income taxpayers and large taxpayers.

Tax Counseling

Tax counseling is only provided at the time tax returns are filed, and there is neither an assignment of officers for the purposes of counseling on a long-term basis, or a permanent counseling department. The temporary counseling units are also ill-equipped to deal with taxpayers and the system as a whole is inefficient and seldom utilized by taxpayers.

Use of Media and Internet

The most common media used by the National Board of Revenue (NBR) are the national dailies, and this is during the periods where tax return and tax payments are due. Panel discussions are also held but only for a short period of time and prior to filing deadline, and do

not attract much of an audience. Television, although an important media to disseminate information is not widely utilized, With respect to the internet, the NBR does maintain an official website that mainly covers the annual reports, statutory Regulatory Orders (SRO), and different aspects of Income Tax, Customs and VAT, but does not have any online tax filing facilities or counseling.

Spot Assessment System

The Spot Assessment System was a new provision introduced by the Finance Act 1999. The spot assessment system allows a previously unregistered taxpayer to file a tax return on the spot with investigating tax officials. An assessment is done on the spot based on the volume of business and existing books of accounts. The spot assessment system is aimed at non-corporate persons who have not been previously assessed, and are carrying on any business or profession in any shopping center, commercial market or via small establishments.

Recognition and Prizes

There has been no recognition or rewards for taxpayers who have met their tax compliance obligations. The NBR

has recently been providing recognition and rewards to tax officials who are bringing in extra tax revenue and recovering delinquent taxes for the government. This will obviously motivate the tax officials but an equivalent effort should be made to acknowledge the taxpayers who are complying voluntarily with their tax obligations.

5. CONCLUSION AND RECOMMENDATIONS FOR BANGLADESH

Filing Returns

The tax laws have to be amended to ensure appropriate filing and to strengthen the penalty provisions. The present provision which excludes taxpayers from being audited if they file tax returns showing income of more than 15% than that of the previous year, must be removed. These will remove any ambiguity regarding the treatment of inaccurate returns.

To make the effort worthy and to coincide with the objective of this system, at least 5% of self-assessment cases should be brought under the direct purview of the Commissioner of Taxes. It could be done based on

preliminary assessments and other information received by the concerned tax offices.

Tax Counseling and Other Taxpayer Services

There is a need to provide strong taxpayer's services, particularly during the peak tax filing period. The NBR must ensure the wide dissemination of information in order to enhance taxpayer compliance and also introduce taxpayer education programmes. Taxpayer's services can also be improved by:

- allowing tax return forms to be mailed free of postage;
- providing proper guidance on how the tax return forms are to be completed correctly;
- increasing public relation activities;
- providing consultation services to taxpayers through telephone, facsimile, etc.;
- introducing automated systems to record and/or answer taxpayer queries, etc.; and
- wider use of the mass media to publicise important tax deadlines, etc.

Establishing Information Management System

Computerized data input, analysis and audit selection systems should be established, and used to detect cases for more detailed scrutiny. These information management systems will be able to secure and process important third party or income related data, which can then be matched against a taxpayer database to detect any discrepancies in the tax returns filed. Linkages with external information sources should also be formed.

A computerized matching system would form the platform for the computerized audit system. The other important criterion for the system is the comparison of various ratios of the firm like gross profit against industry norms to detect any abnormal income or deduction patterns. A computerized selection system would also serve remove the arbitrariness of human selection, and is quick and more accurate.

Auditing and Examination

The capability to detecting fraud or evasion is crucial. As it would not be practical to audit all cases, the fear of being caught would have to be sufficient to act as a deterrent.

To achieve this, the issuance of a detailed guideline of an examination/auditing methodology is an urgent need. Field examination would be essential for the effective audit of large taxpayers. Ideally, when a case is selected for audit, a tax official will be required to visit the premises of the taxpayer. The tax returns will have to be scrutinized under the supervision, or be jointly examined with a senior tax official. This would ensure that the discretionary powers being exercised by tax officials are not abused.

Record Keeping

The SAS tax return forms have to be so designed that it contains a minimum degree of information required of making an assessment, selection for audit, and it should be able to be used in the computer system.

Penalty Provisions

The penalty for fraud, default, etc. must be imposed consistently. The tax authorities should undertake criminal prosecution in respect of cases involving fraud or evasion, and where appropriate publish the names of tax evaders which will act as a deterrent.

Tax Education

It is extremely important to educate the young, who are the next generation of taxpayers, on the significance and role of taxes. This should first be done by creating an environment for tax education at schools through the establishment of councils for promotion of tax education. Tax education should be viewed in the medium and long-term perspectives, and as a means to enhance taxpayer consciousness.

In order to do so, tax education of students needs to be strengthened as a part of the overall public relations exercise. Under the Japanese school system, tax education targets mainly elementary school and girls, while in case of Bangladesh, it would be more appropriate to target high school students. Teachers should also be provided with training in tax education. The overall effort would involve both the education and finance ministries in order to come up with an effective tax education curriculum.

Training and Work Condition

It is important that tax officials be provided with adequate training, both at home and abroad, for a better

understanding of recent domestic and international tax issues, which must could then be utilized to the formulate successful tax compliance strategies. The working conditions of tax officials also need to be improved in order to motivate them to carry out their duties in a more efficient and professional manner.

Introduction of Tax Week

The NBR should launch a tax week or something similar on a bi-annual basis, preferably before the tax filing season, as part of its public relations exercise. Through this, the general public can more fully understand taxation issues, changes in the law, filing obligations, etc. The NBR should also make an effort to obtain cooperation from local public bodies and relevant private organizations.

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