

Guinea Bissau – Tax Performance

Romao Varela

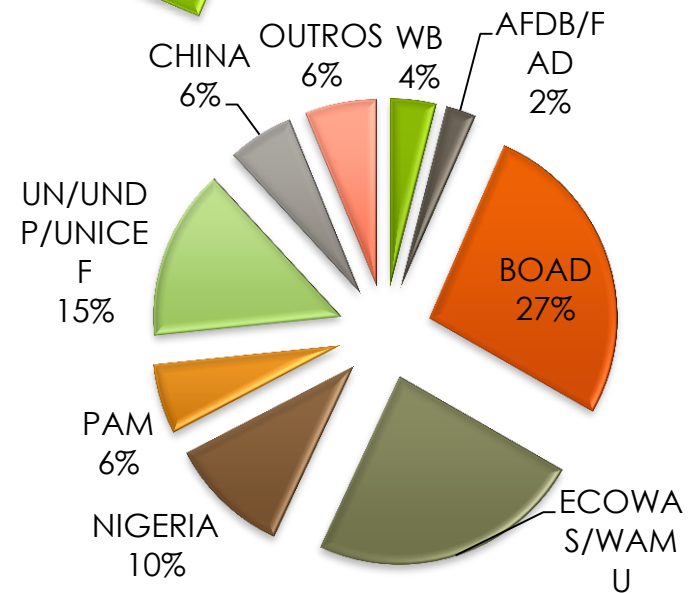
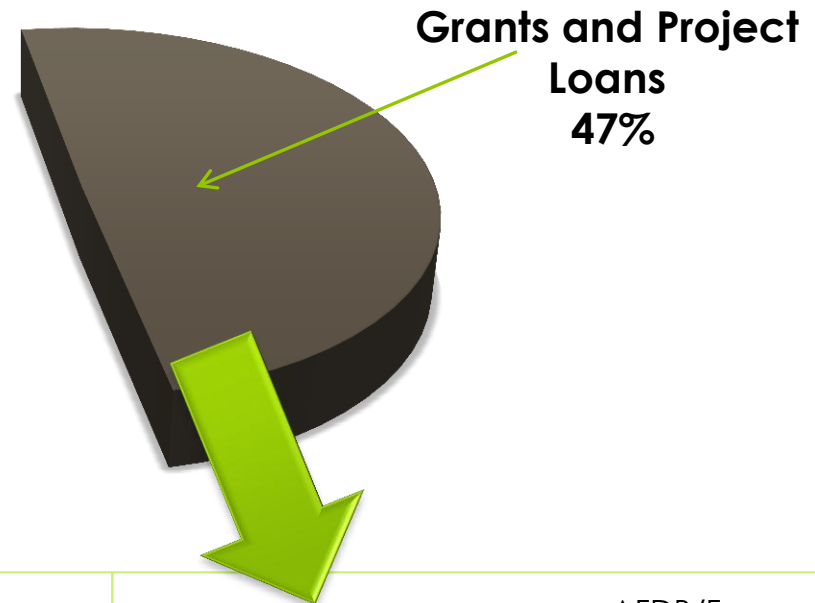
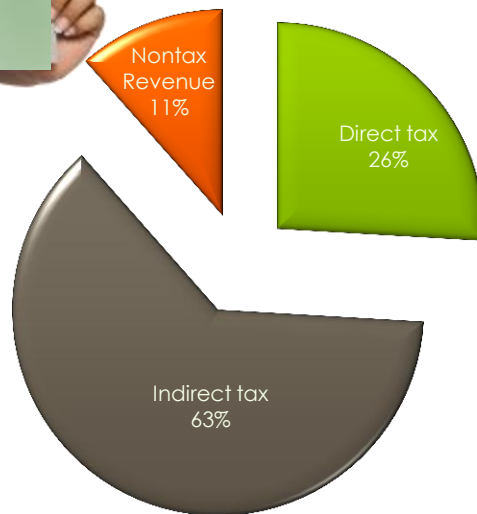
Context

- Introduction
- Measures taken
- Going Forward
- Conclusion

Introduction

- My name is Romao Varela, I am from Guinea Bissau, working at Ministry of Finance as General Director of Budget.
- Guinea-Bissau has gone through a very difficult period since a civil war in 1998-99;
- Main source of income:
 - Customs
 - Tax
 - Fishing

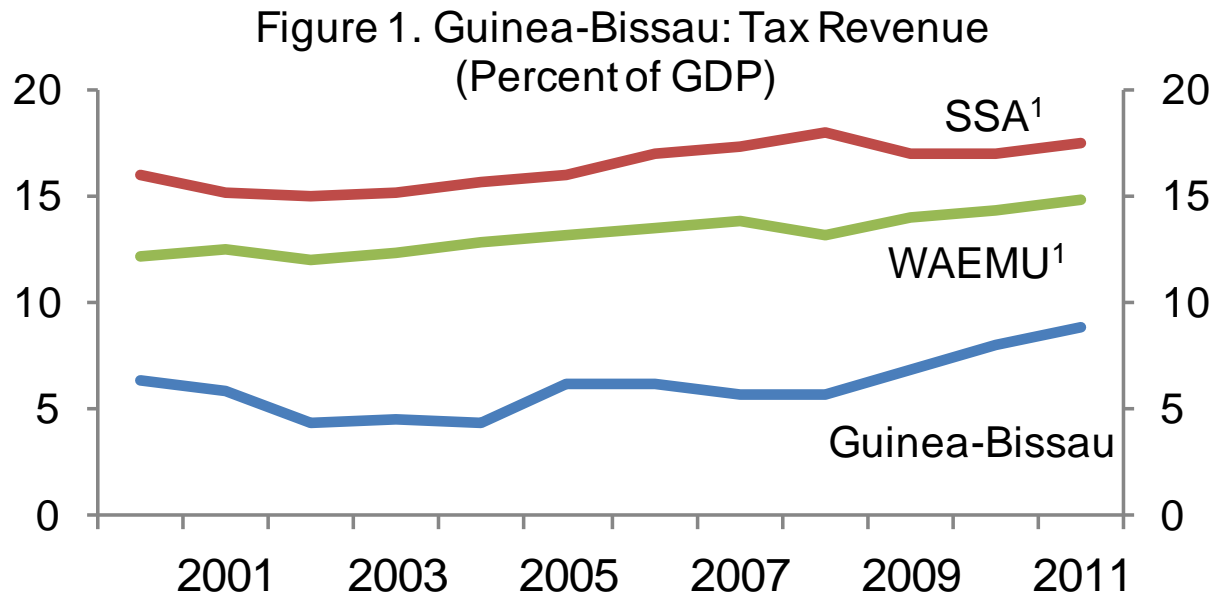
Where our revenue comes from?



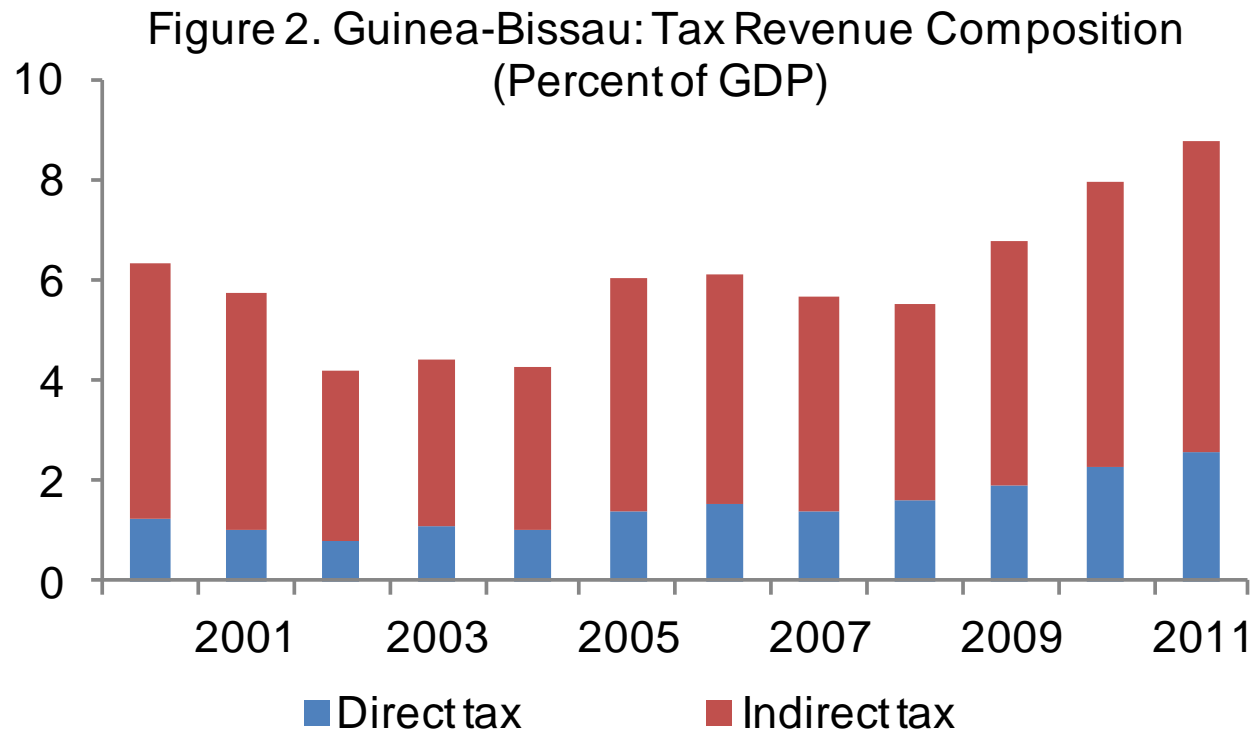
Where's the revenues goes?



Since 2004, tax revenue performance in Guinea-Bissau in terms of GDP ratio has been gradually improving;



1. Simple average of each countries' tax revenue-GDP-ratio.



MEASURES TAKEN

Measures Taken

Implementing revenue measures

- Introduction of large taxpayers units (LTU);
- Update taxpayer databases to improve compliance of large taxpayers' tax declaration;
- Streamline and tracking of tax and customs exemptions;
- Abolish tax compensation system for customs and corporate tax payers, and allowing only the Treasury to grant tax compensations;
- Control revenue by centralizing collections at the tax department (DGCI);

Measures Taken

Implementing revenue measures

- completing the audit of large importers' tax liabilities which determines the gap between declared revenue and what should have been paid.
- increase in reference prices used by customs administrations to calculate import duties on rice, sugar, and wheat flour, and export taxes on cashew nuts;
- revisiting revenue-sharing agreements ("restitutions") to eliminate de facto earmarking of resources; and
- tackling tax evasion by enhancing controls on taxpayers that stopped filing.

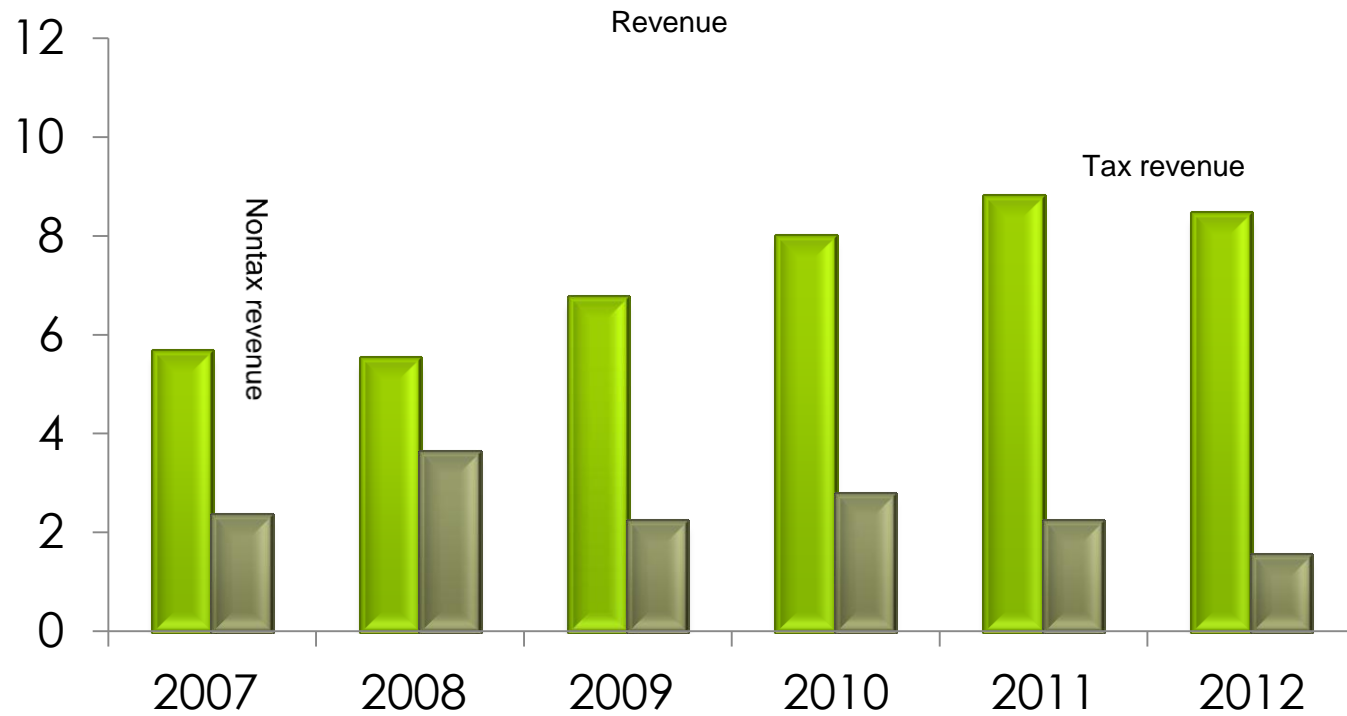
Measures Taken:

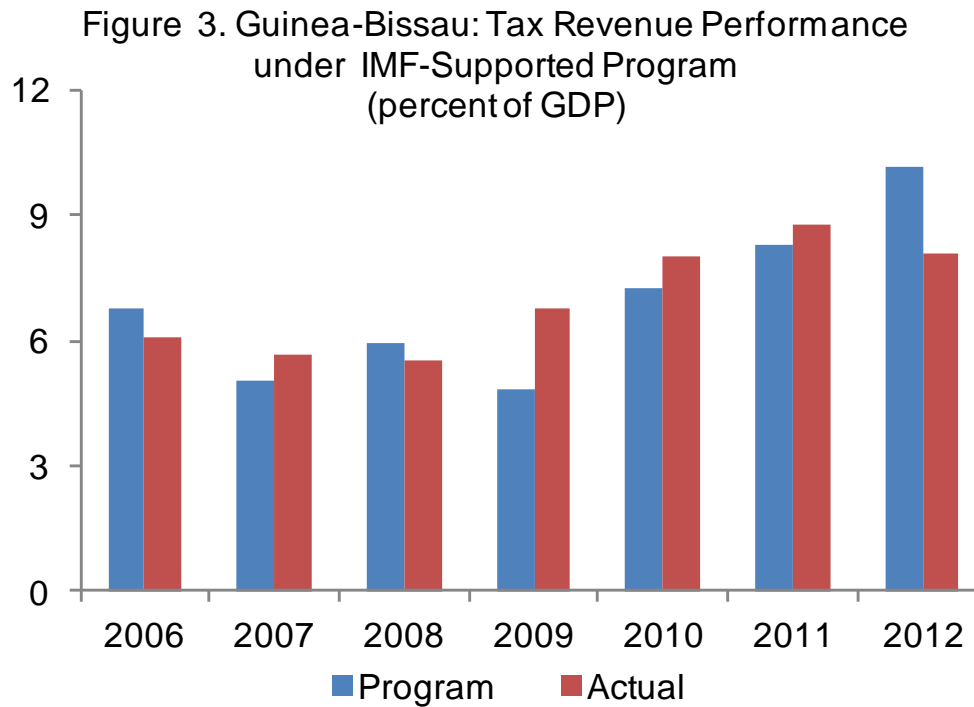
Finance management, and improving revenue collection capacities:

- reintroducing taxes on alcoholic beverages;
- putting into operation the Automated System for Customs Data (ASYCUDA ++) and its harmonization with tax return systems for large importers;
- rolling out an integrated management information system, linking data flows between the customs (DGA) and DGCI, the budget office, and the Treasury; and
- starting operation of pre-shipment inspection with a reputable international agency.

Effectiveness of the measures

- **The measures implemented helped increase tax revenue:**
- Back in 2008, tax revenue cover only wage and salaries, around a third of current expenditure. In 2011, tax revenue was able to cover three quarters of current expenditure.





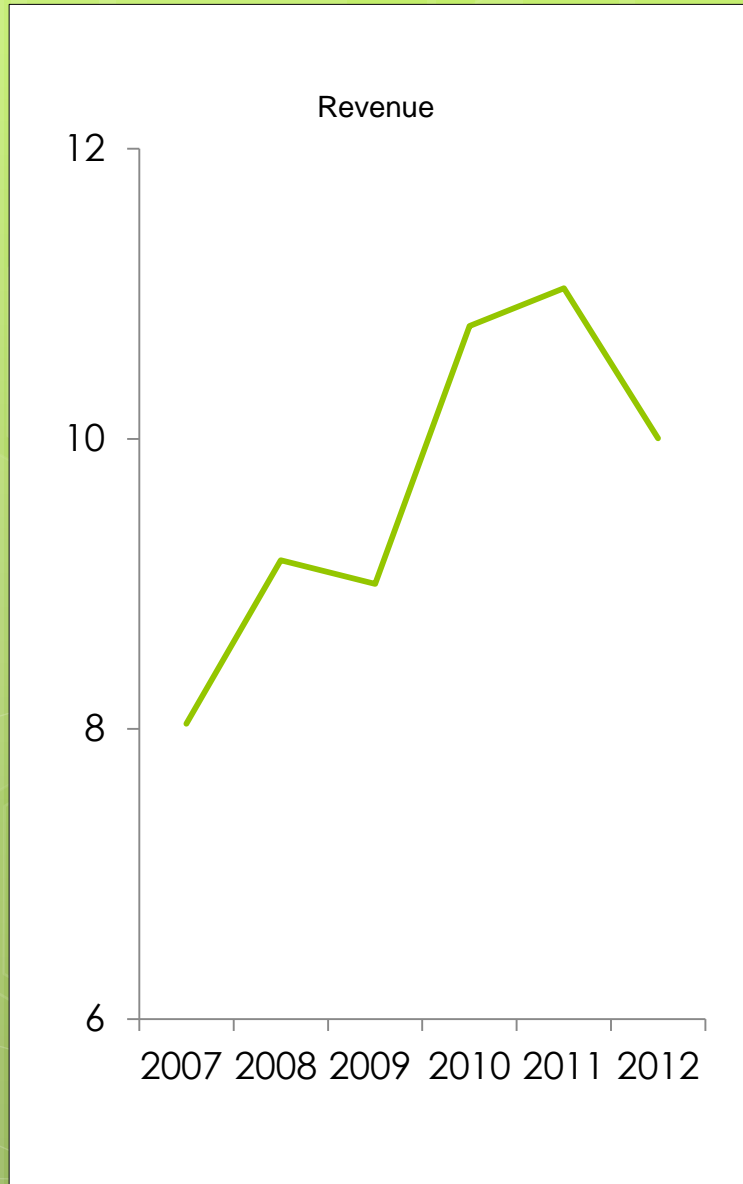
GOING FORWARD



Going Forward

- Although measures taken between 2008-2012 assisted in rising tax revenues, still GB tax revenue are low compare to SSA countries;
 - We need stability;
 - New investment code will contribute to better revenue collection in medium term, in the short-term will rationalize the provision of expenditure;
 - Better investment climate;
 - Introduction of VAT (IGV-TVA);
 - Improvement of tax payer registries through NIF, will provide new source of revenue, survey to identify business that don't contribute;
 - Better control of customs tax on import of fuel and other goods with Swiss company;

CONCLUSION



Facts shown that if we don't have:

- Social, Political and Economical Stability:
 - We can take all measures, but will not succeed unless these facts are present;
 - In crisis revenue goes down, unemployment goes up;
 - Need for support - IMF TA (Topical Trust Fund) is assisting GB on tax policy and administration.

Thanks for your attention!